

How Did Unions Protect Workers' Rights after the 1997 Economic Crisis in Korea?

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Abstract

Until the 1997 foreign currency crisis, unions in Korea worked to increase wages and to improve benefits, because job security was implicitly guaranteed by the patriarchal culture of Korean firms. After the crisis, the firms strongly demanded layoffs to overcome their financial difficulties by reducing labor costs and increasing labor flexibility. This paper analyzes the unions' response during the four-month period right after the crisis. Firms with unions used pseudo-voluntary retirement programs more frequently than firms without unions. There was no difference between unionized and nonunionized firms in the use of layoffs, however. Unions influenced the downsizing process by participating in decision-making procedures.

Introduction

The foreign currency crisis of November 1997 severely affected the lives of Koreans, especially those of Korean workers. Before the crisis, while in the process of negotiation with management, Korean workers demanded higher wages and better benefits; they did not, as a rule, demand guarantees of job security because that was already a given. Unfortunately, the crisis fundamentally changed this practice. With the onset of the crisis, firms argued that it was inevitable to layoff workers to save companies facing serious financial difficulties. To respond to this argument, unions had to have a new strategy to protect workers' jobs. Did they have a new strategy prepared shortly after the crisis? If so, what was it? These are the main issues to be discussed in this paper.

The second question about the unions' roles during and after the finan-

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cial crisis deals with the process of downsizing. A union might be effective in managing the downsizing process even though it might not be effective in preventing layoffs. For example, unionized firms might use alternatives to avoid layoffs such as reductions in working hours, wage freezes, and “pseudo-voluntary retirement (PVR)” with lucrative severance pay.¹

A Brief History of Recent Industrial Relations in Korea

Industrial relations in Korea prior to 1987 can be described as “controlled” or as “state corporatism.” In this period of employer-dominated industrial relations, the labor movement, at least in terms of trade unions, was extremely limited because of the growth policies of the government. In addition, social conditions, in which the supply of labor far exceeded the demand, played a significant role. As a consequence, industrial relations developed in an “employer-dominant and employee-submissive” form (Kim 1999, 3; KOILAF 1998).

Industrial relations in Korea, however, experienced a major change with the Declaration of Democratization on June 29, 1987. After the “June 29” declaration, the labor movement was revitalized. For the first time, workers were granted meaningful rights: to bargain over wages and to strike without the threat of government oppression (Bognanno 1988). Before 1987, the number of labor disputes averaged 200 a year; in 1987, the number totaled 3,749. Because of changes in union organizing, the number of union members leaped from 1.04 million in 1986 to 1.93 million in 1990 (KOILAF 1998, 5).

During the first half of the 1990s, the industrial relations climate appeared calm. However, labor-related issues such as the mounting pressure to allow the unionization of the public sector, the right to collective bargaining for teachers, and the recognition of the Korean Confederation of Trade Unions (KCTU) plagued the government. KCTU was the increasingly effective rival of the Federation of Korean Trade Union”(FKTU). In May 1996, both the FKTU and the KCTU were invited, along with business and public interest representatives, as participants to the Presidential Commission on Industrial Relations Reform (PCIRR) (Park 1999, 215).

Charged with evaluating Korea’s industrial relations institutions, the PCIRR recommended that attention be paid to the following major issues: (1) the organization of “multiple” trade unions should be allowed; (2) unions should be granted the same rights as the industry to participate in political action; (3) a tripartite Labor Relations Commission, independent of the Ministry of Labor, should be created; and (4) the Labor Standards Act should be changed. These recommendations were all realized, although the enforcement of laws regarding the organization of multiple trade unions was postponed. In addition, a flexible working hours system was installed that reduced employ-

er overtime payrolls. Finally, employee layoffs were newly enacted and to be applied in two years of legal delay. In November 1997, everything changed. Beginning with the Hanbo and Kia bankruptcies, a financial crisis was precipitated that led to a sharp downturn in the economy. At that point, the government negotiated with the IMF for \$58.3 billion in relief funding. Loan conditions included tight macroeconomic policies and structural adjustments, such as greater labor flexibility, corporate reform, increased transparency, restructuring of the banking industry, and the creation of stronger financial reporting systems.

Labor flexibility was considered essential to attract foreign capital, which was key to easing corporate restructuring and the private sector's crushing debt burden. In January 1998, president-elect Kim formed another Tripartite Commission, including representatives of labor, management, and the ruling party to discuss ways to overcome the crisis. The Commission worked to figure out a stable solution to the crisis (Haggard 2000, 104). This situation raised questions about whether the unions' position against layoffs due to the nationwide financial crisis was counterproductive or even unpatriotic. Labor representatives grudgingly agreed to accelerate the pace of mass layoffs. In February 1998, the Labor Standards Act was amended to incorporate this concession.

Job Security in Korean Industrial Relations

As mentioned earlier, job security was not the major issue in Korean industrial relations until the 1997 crisis. Under the patriarchal culture of Korean firms, job security was a basic condition of employment and was integral to an "implied" social contract. At banks and big businesses in Korea, where the Japanese practices of lifetime employment and the seniority system had been inherited, mass layoff was unthinkable until the financial crisis occurred (Kim 1999, 14).

Korean cultural practices regarding job security became an issue as economic development slowed down in the 1990s. Uh mentioned two employment security problems from a macroeconomic perspective: frequent labor turnover among blue collar workers and emerging employment security problems (Uh 1993, 51). Companies were confronted with aging workers and increasing labor costs because no company-driven retirement system was enacted. They tried to solve the problem of aged workers by actively using PVR with severance pay incentives. The number of workers who voluntarily retired, however, was far less than expected.

After the crisis, companies strongly demanded massive layoffs. Unions needed to protect their members from these layoffs but were without experience. Social consent, however, on overcoming the financial crisis as smoothly and as quickly as possible was so strong that unions faced constraints against

moving towards job security independently. Concessions became common in collective bargaining. To avoid layoffs, unions suggested wage freezes, wage cuts, working-hour reductions, and hiring freezes.

At the national level, employees aggressively protested against massive layoffs. On July 20, 1998, the workers at Hyundai Motor Company went on strike. This dispute was regarded by the Korean labor movement as a defining moment in the struggle against the restructuring of work by the Korean government and as an important incident in the struggle to reject layoffs as a tool to adjust employment (Nearby 2000, 1). The strike began when the company attempted to reduce the workforce by ten thousand. The company claimed the reduction was a necessary step to avoid global overproduction and economic difficulties. After a thirty-seven-day strike, the company and the union agreed to dismiss 277 workers with consolation bonuses and to have over one thousand workers leave for eighteen months of unpaid vacation, with re-training provided during the leave.

As seen in Table 1, employment adjustment has become a common practice since the crisis. Before the crisis, about one third of surveyed firms adjusted their employment level (see the first column of the table). This practice increased sharply in the four-month period right after the crisis and in the next seven-month period. This means the firms harshly adjusted the employment levels after the crisis using PVR, layoffs, and other tactics.

The most basic role of the union is to give job opportunity and job protection (Belous 1989). This role has not been questioned for a long time, although this role has been weakened over the last couple of decades. For example, technology workers in Silicon Valley, who have been reluctant to join unions, were recently unionized even though they knew unions couldn't prevent layoffs with collective bargaining agreements. They instead opted to have their salaries cut or working hours reduced as an alternative to layoffs (Dash 2001).

Before the crisis, only a small portion of Korean collective agreements explicitly mentioned the layoff of workers. In 1987, the layoff was an agenda of labor-management committees only in nine out of fifty-seven collective agreements (KLI 1989, 139). In 1989, only 48 unions out of the 797 in Korea, or 6 percent, mentioned that job security was one of the major issues that unions should focus on in the future while 283 unions, or 47.9 percent, mentioned wage increases as a major issue (Park and Park 1990, 169).

Another survey showed that layoff clauses were mentioned in 49 percent of a sample of 834 collective agreements that covered 824,000 union members in April 1989 (Yoon et al. 1990, 112). Most of the contracts, however, did not specify the difference between disciplinary termination and layoffs caused by the firm's bad economic performance. Only 24.4 percent of contracts had clauses about the union's involvement in employment adjustment.

TABLE 1
Sequential Change in Employment Adjustment: 1997–1998

	Survey Period		
	I (1997.1– 1997.11)	II (1998.1– 1998.3)	III (1998.4– 1998.10)
Employment Adjustment			
Reduction of Working Hours	60 (20.0)	110 (36.7)	199 (56.1)
Reduction of overtime hours	18 (6.0)	52 (17.3)	82 (23.1)
Reduction of regular working hours	4 (1.3)	13 (4.3)	22 (6.2)
Increase of holidays	27 (9.0)	29 (9.7)	58 (16.3)
Increase of paid vacations	41 (13.7)	94 (31.3)	169 (47.6)
Reduction of production schedule	4 (1.3)	8 (2.7)	26 (7.3)
Temporary plant closures	—	3 (1.0)	16 (4.5)
Reduction in Number of Workers	59 (19.7)	131 (43.7)	247 (69.6)
Replace with temporary workers	7 (2.3)	15 (5.0)	56 (15.8)
Recruiting freeze	45 (15.0)	116 (38.7)	199 (56.1)
Reduce temporary workers	11 (3.7)	38 (12.7)	62 (17.5)
Pseudo-voluntary retirement program	17 (5.7)	24 (8.0)	83 (23.4)
Layoffs	21 (7.0)	52 (17.3)	87 (24.5)
Functional Adjustment	38 (12.7)	73 (24.3)	106 (29.9)
On-leave for training and education	5 (1.7)	12 (4.0)	32 (9.0)
Transfer to other function or location	31 (10.3)	60 (20.0)	83 (23.4)
Transfer to other firms	1 (0.3)	2 (0.7)	11 (3.1)
Transfer to sister companies	7 (2.3)	13 (4.3)	31 (8.7)
Wage Adjustment	32 (10.7)	116 (38.7)	280 (78.9)
Wage freeze	20 (6.7)	75 (25.0)	217 (61.1)
Wage cut	18 (6.0)	86 (28.7)	205 (57.7)
Reduction of incentives	1 (0.3)	10 (3.3)	42 (11.8)
Changes in pay system	—	—	168 (47.3)
Number of Firms Adjusting Employment Level	97 (32.3)	181 (60.3)	304 (85.6)
Number of Firms Surveyed	300 (100.0)	355 (100.0)	355 (100.0)

Unit: Number of firms (percentage).

Source: Choi, K-S, and K-Y Lee. 1998. *Surveys on Employment Adjustment*. Seoul: KLI.

In December 1996, the conditions for lawful layoffs in the Labor Standards Act were specified (revised in March 1997), and a period of two years was set for their implementation. After the financial crisis at the end of 1997, however, the law was revised again so as to be effective immediately, with broader scope given to companies planning layoffs. The courts began to interpret transfers, mergers, and acquisitions as urgent management need for layoffs. With

the Great Compromise of the Tripartite Committee, unions indirectly accepted layoffs into the Korean industrial relations system.

After the crisis, union actions were not so speedy. In the analysis of the 1998 collective agreement done by the Korean Council of Trade Unions, only 8.5 percent of agreements explicitly mentioned the joint committee on job security. Fourteen percent of agreements required union consent to layoffs while twenty-two percent required consultation with unions on layoffs.

In previous studies the union's role in employment security is framed by several different arguments. One side argues that the union works to slow the downsizing process while the other side argues that the union speeds up the downsizing process because unions in the United States prefer to have workers laid off rather than have them face any reduction of working hours (Burgess 1988; Hamermesh 1993; Medoff 1979).² A study using Korean data showed that unions were somewhat effective in reducing the ratio of laid-off workers to the total number of workers, although the effect was not strong in a statistical sense with 1998 and 1999 data (Lee et al. 2001). Meanwhile, the other study using 1998–99 data from Kwangju mentioned that the union was not an effective device to protect workers in the downsizing process (Kang and Hong 2001, 241). Methods used to respond to employment adjustment in Korea include job security clauses in labor contracts and union consultation rights with management at the labor-management council (Yoon 1996, 42).

Unions, however, may be effective at protecting workers at firm-level negotiation on layoffs although unions accept the layoffs at the national level. Unions may protect workers in the process of employment adjustment. For example, the union may be an effective tool in revealing that the company's financial situation makes layoffs avoidable. Firms should persuade the unions about the necessity of layoffs before they execute them. The union may ask the firm to run a program of voluntary retirement first. Outplacement programs and lucrative severance incentives can be another option the union could offer. Under these circumstances the union has at least tried to do something for those about to lose their jobs, which is more than what would have been achieved without the union.

Now, the questions to be answered in the following empirical analysis section are whether the union protected the workers from being retired by PVR and layoffs, and whether the union alleviated the effect of being laid off with employee support programs, including severance pay, outplacement programs, and so on.

Data Description and Empirical Analysis Results

The data used for the empirical analysis was collected in March 1998 by the Korea Labor Institute. Three hundred companies were surveyed. The basic statistics for the sample are presented in Table 2.

Among the firms in the sample, 8 percent used PVR between December 1997 and March 1998. Firms with unions used PVR more frequently than those without unions: 1.9 percent of firms without unions used PVR compared

TABLE 2
Variable Definitions and Means

Variable	Definition	Mean			t-stat	P*
		Total	No Union	Union		
ExpProf98	Expected Profits in 1998 (mil. won)**	1,421	284	2,780	2.36	0.02
ExpSal98	Expected Sales in 1998 (mil. won)	47,417	17,046	82,534	3.44	0.00
Profit97	Profits in 1997 (mil. won)	889	412	1,442	0.91	0.36
Sale97	Sales in 1997 (mil. won)	42,776	13,029	76,324	3.90	0.00
PVR	Dummy for Pseudo-Voluntary Retirement	0.08	0.019	0.145	4.10	0.00
Layoff	Dummy for Layoffs	0.17	0.167	0.179	0.26	0.79
ChanSale	Expected Change in Sales	8.30	7.76	8.93	0.16	0.82
ChanProfit	Expected Change in Operating Profits	14.40	-45.56	23.81	1.40	0.16
IndDum1	Heavy Manufacturing	0.24	0.2	0.29	1.81	0.07
IndDum2	Light Manufacturing	0.35	0.38	0.31	-1.28	0.20
IndDum3	Electricity, Gas, and Water	0.03	0.03	0.02	-0.62	0.54
IndDum4	Construction	0.07	0.08	0.06	-0.97	0.33
IndDum5	Wholesale, Retail, and Food	0.10	0.12	0.09	-0.75	0.45
IndDum6	Transportation and Communications	0.05	0.06	0.05	-0.38	0.70
IndDum7	Banking and Real Estate	0.07	0.03	0.10	2.49	0.01
IndDum8	Others	0.09	0.10	0.08	-0.42	0.67
SizeD1	Less than 100	0.26	0.45	0.06	-8.74	0.00
SizeD2	Between 100 and 300	0.27	0.35	0.18	-3.36	0.00
SizeD3	Between 300 and 499	0.13	0.08	0.18	2.67	0.01
SizeD4	Between 500 and 999	0.15	0.06	0.24	4.41	0.00
SizeD5	Greater than 999	0.20	0.06	0.34	6.67	0.00
Subcont	Dummy for Subcontracting	0.02	0.01	0.03	0.91	0.37
PlantClo	Dummy for Plant Closure	0.01	0	0.02	1.80	0.07
ReducLane	Dummy for Production Lane Reduction	0.03	0.01	0.05	1.80	0.07
Spinoff	Dummy for Spinoff	0.01	0.01	0.01	-0.52	0.60
UnionD	Union Dummy	0.48	0	1	—	—
Observation		300	155	145	—	—

* p-value is based on two-tail test.

** The foreign exchange rate used here is 951 won for a dollar in 1997 and 1,401 won in 1998 (KLI 2001, 139).

to 14.5 percent of firms with unions. For the same time period, unions did not make a significant difference in the practice of layoffs. Seventeen percent of workers were laid off; 16.7 percent of firms without unions and 17.9 percent of firms with unions used this tactic.

The Unions' Influence on Selecting Employment Adjustment Methods

To respond to the financial crisis, companies adopted many employment adjustment methods, from working-hour reduction and wage freezes to PVR and layoffs. Table 3 shows the distribution of methods used to respond to the crisis. Paid holidays, wage freezes, wage cuts, and transfers were among the most common methods used to adjust employment levels. To see the effect of the unions in selecting employment adjustment methods, a t-test was used. Paid holidays, full-time training, transfers, and voluntary retirement were used more frequently in unionized firms than in nonunionized firms.

The first question to determine the union's role is whether it has an influence in employment-related issues. Here, we focus on only two methods, voluntary retirement and layoffs, both of which severely affect workers' lives.³ Probit analysis is used because the dependent variable is a binary choice variable. To control for the firm's characteristics, the firm's financial condition, and industry, firm size variables are included. Table 4 shows a union's effect on the use of PVR by the firm. To control for the effect of restructuring, three mod-

TABLE 3
Employment Adjustment Methods Used to Respond to the Crisis

Methods	Total	No		t-test	P
		Union	Union		
Reduction in Overtime Hours	0.17	0.15	0.20	1.18	0.24
Reduction in Working Hours	0.04	0.05	0.04	-0.16	0.87
Alternate Day Off	0.10	0.08	0.12	1.17	0.24
Use of Paid Holidays	0.31	0.26	0.37	2.14	0.03
Temporary Company Closing	0.03	0.02	0.03	0.81	0.42
Temporary Leave	0.01	0.01	0.01	-0.52	0.60
Change in Wage System	0.03	0.04	0.03	-0.53	0.59
Wage Freeze	0.25	0.26	0.23	-0.60	0.55
Wage Cut	0.29	0.30	0.27	-0.65	0.51
Use of Temporary Workers	0.05	0.05	0.06	0.40	0.69
Full-time Training	0.04	0.01	0.07	2.49	0.01
Transfer	0.20	0.15	0.26	2.32	0.02
Dispatch to Other Companies	0.01	0.00	0.01	1.47	0.14
Sent to Sister Companies	0.04	0.04	0.05	0.41	0.69
PVR	0.08	0.02	0.14	4.10	0.00
Layoffs	0.17	0.17	0.18	0.26	0.79

TABLE 4
 Probit Analysis on the Effect of Unions on PVR

Independent Variables	Model 1		Model 2		Model 3	
	B	SE	B	SE	B	SE
ChangeProfit	-0.004	(0.004)	-0.005	(0.004)	-0.004	(0.004)
ChangeSale	0.0002	(0.000)	0.0003	(0.000)	0.0002	(0.000)
Subcontract	1.674	(0.929)*	—	—	0.889	(0.460)*
ReducLane	0.538	(0.649)	—	—	—	—
Spinoff	0.981	(1.160)	—	—	—	—
Union Dummy	0.977	(0.435)**	0.969	(0.423)**	0.925	(0.425)**
Constant	-7.088	(0.561)***	-7.064	(0.630)***	-7.027	(0.551)***
Log likelihood	-42.237		-45.5991		-43.8649	
Number of Obs.	236		238		238	

Dependent Variable: Dummy for PVR.

Notes: 1. Statistically significant at each level: * for 0.1, ** for 0.05, and *** for 0.01.

2. Three industry dummy variables and four size dummy variables are included in the regression but not presented here.

els were set up. In Model 1, all three restructuring variables were included in the model. Model 2 dropped all the restructuring variables. In Model 3, only one variable, subcontracting, was included. Contrary to the hypothesis that the union would reduce the probability that the firm would choose the PVR as a way of adjusting employment level, the union positively affected the probability that the firm would choose the PVR.

Table 5 shows a union's effect on layoffs. The dependent variable is whether or not a firm laid off its workers. In Model 1, both the subcontracting and reduction in production line variables were included. In Models 2 and 3, each variable was included but not both. The results show that presence of a union was not a factor in the layoff decision although the union dummy has a negative sign.

It is possible that the companies did not differentiate between PVR and layoff in their restructuring process to survive after the crisis. If this is the case, PVR and layoff can be regarded as one event, employment reduction. As mentioned earlier, twenty-four companies practiced PVR and fifty-two companies laid off workers. Ten companies practiced both PVR and layoffs. Unfortunately, the union dummy was not a significant variable in a regression equation where employment reduction is a dependent variable.⁴ The regression results above imply that the union might prefer PVR to layoffs in negotiation of restructuring with the management although the union could not avoid the employment adjustment.

TABLE 5
Probit Analysis on the Effect of Unions on Layoffs

Independent Variables	Model 1		Model 2		Model 3	
	B	SE	B	SE	B	SE
ChangeProfit	-0.006	(0.0037)*	-0.006	(0.0036)*	-0.006	(0.0036)*
ChangeSale	0.0000	(0.0003)	0.0001	(0.0003)	0.0001	(0.0003)
Subcontract	0.847	(0.7997)			0.162	(0.3887)
ReducLane	0.307	(0.5246)				
Union Dummy	-0.118	(0.2662)	-0.133	(0.2653)	-0.140	(0.2659)
Constant	-6.617	(0.4405)***	-6.658	(0.4383)***	-6.652	(0.4385)***
Log likelihood	-101.1417		-102.66494		-102.5793	
Number of Obs.	220		225		225	

Dependent Variable: Dummy for Layoffs.

Notes: 1. Statistically significant at each level: * for 0.1, ** for 0.05, and *** for 0.01.

2. Three industry dummy variables and four size dummy variables are included in the regression but not presented here.

The Unions' Influence on the Downsizing Process

The above discussion on the union's role in the employment adjustment process implies that the union was not effective in protecting workers' rights after the November 1997 crisis. Instead, unions influenced firms' choice of PVR as an adjustment method. But is that the whole story? Table 6 shows that the union had a voice on the issue of employment adjustment. For PVR, the union had a right to agree on or at least to consult on the program before the downsizing program was initiated, although the sample size is not large enough to draw a statistically valid conclusion. For layoffs, it is clear that the union had

TABLE 6
The Unions' Voice on Employment Adjustment Decisions.

	PVR			Layoffs		
	No Union	Union	Total	No Union	Union	Total
Agreement Before Action	0(0.0)	7(38.9)	7(33.3)	1(3.8)	7(26.9)	8(15.4)
Consultation Before Action	3(100.0)	6(33.3)	9(42.9)	11(42.3)	7(26.9)	18(34.6)
Information Before Action	0(0.0)	0(0.0)	0(0.0)	6(23.1)	2(7.7)	8(15.4)
Information After Action	0(0.0)	1(5.5)	1(4.8)	2(7.7)	2(7.7)	4(7.7)
Unilateral Decision by Firm	0(0.0)	2(11.1)	2(9.5)	5(19.2)	7(26.9)	12(23.1)
Not Mentioned	0(0.0)	2(11.1)	2(9.5)	1(3.8)	1(3.8)	2(3.8)
Total	3(100.0)	18(100)	21(100)	26(100)	26(100)	52(100)

Unit: Number of firms (%).

a strong influence: only one firm without a union was required to agree with the workers before the action was taken, while seven firms with unions were required to agree on the layoff before taking any action.

A similar effect of the unions on severance incentive pay (except legally required retirement pay) in PVR can be considered. The average severance incentive pay was 11.5 months' worth of wages.⁵ Firms without unions paid only twenty months of salary as a maximum severance payment, while firms with unions paid up to forty-eight months of salary. These statistics, however, have a limitation in interpretation because of the small number of cases for the No Union category.

Implications

There are some implications from the empirical results above. First, we may tentatively conclude that Korean unions were not effective in avoiding layoffs right after the crisis despite many union protests at both national and regional levels. This conclusion should be further analyzed for confirmation with data from a longer period after the crisis.

Second, unions had voices in the downsizing process. Unionized firms preferred PVR to layoffs. It was a necessary process for firms with unions to bargain with the unions for agreement on employment adjustment while it was not necessary for firms without unions. The unions' negotiation with firms resulted in possibly better severance pay packages under the PVR. A maximum of four years' worth of wages were offered to retirees in unionized firms while a maximum of two years were offered in nonunionized firms.

Third, we may expect different results with more recent data, because unions have now had enough time to respond to firms' demands for downsizing. For example, an explicit clause on layoff policy can be added to collective agreements. After experiencing the layoffs of their workers, unions may be able to show that companies were wrong to argue that downsizing was an effective tool to save companies or increase productivity.

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Notes

1. The term "pseudo" is added to "voluntary retirement" because there was often a non-voluntary aspect to voluntary retirement programs in Korea right after the 1997 crisis. In

practice, a company commonly asked certain workers to apply for the program and leave the company although it looked like the program was open to all workers.

2. See Cameron (1994), Cascio (1993), Marks (1993), Freeman (1994), Heenan (1989), and Pfeffer (1998) for the effect of downsizing, including layoffs and voluntary retirement, on workers, unions, and companies.

3. The regression analysis for fourteen other employment adjustment methods including reduction in working hours and wage freezes were done with the same independent variables presented in Table 4. The effects of unions was not statistically significant except the positive effect on the transfer to other companies and the recruiting freeze.

4. The regression results of the union dummy variable on employment reduction do not show any statistical significance with different regression equations.

5. This average is for the period between January 1997 and March 1998. See page 25 of Choi and Lee (1998).

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